



Joint City Council and Port Authority Meeting

October 1, 2014

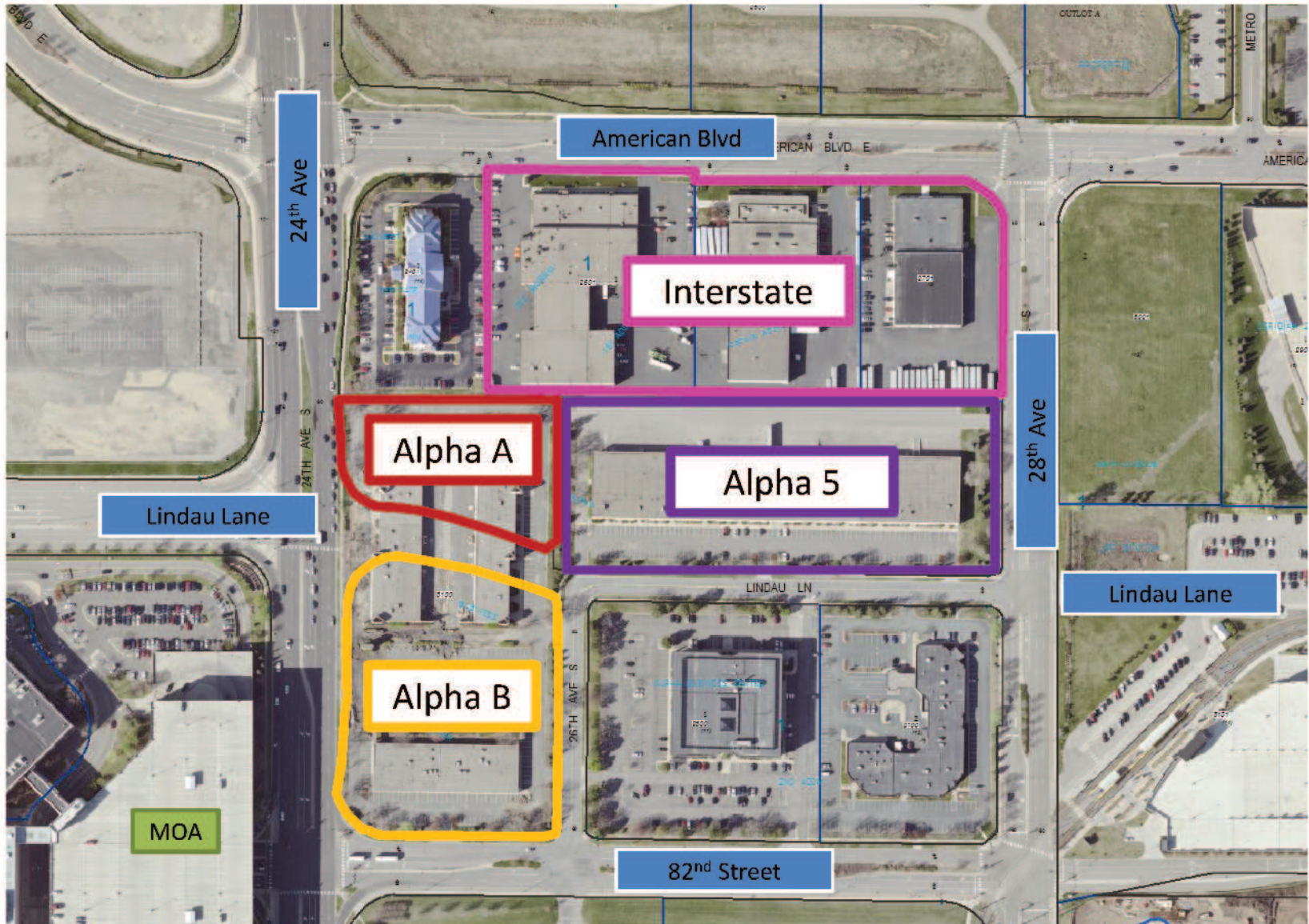
Agenda

2. Density Done Right - Presentation by Colleen Carey
3. 2008 Public Improvements Agreement and Petition
4. Alpha Business Center Parcel B – Agreement Outline
5. Bloomington Central Station (BCS) – Residential Development Agreement Outline

South Loop Plan Goals

- **Build on** the District's unique mix of assets and mitigate its disadvantages
- **Transform** the District's densities and character from suburban to urban
- **Accelerate** the District's development
- Establish the District as a **branded place** emphasizing sustainability, quality, comfort, and safety
- Create a **sustainable** district

Lindau Link Area Parcels



Alpha Business Center

- Originally acquired for Lindau Lane
- May 2010 City Purchase (SLDF)
 - \$18.10 psf (not incl. relocation, demo)
- Development parcels remain after Lindau ROW

Alpha Business Center

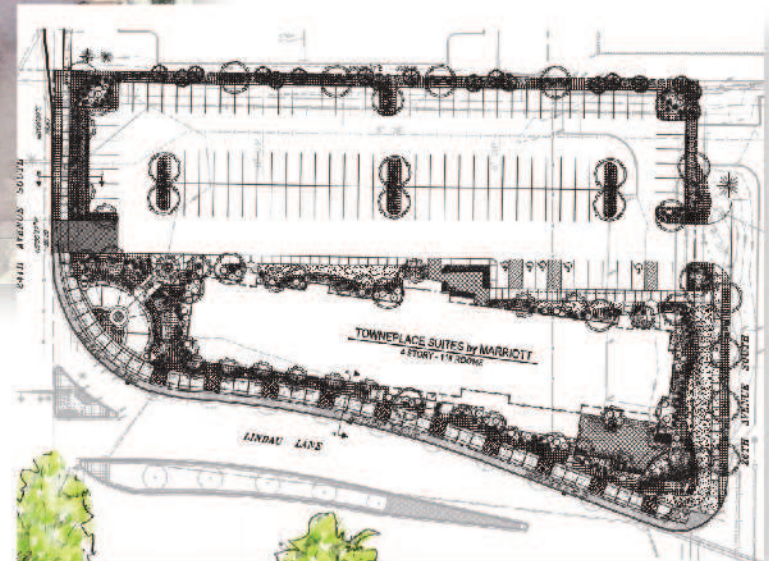
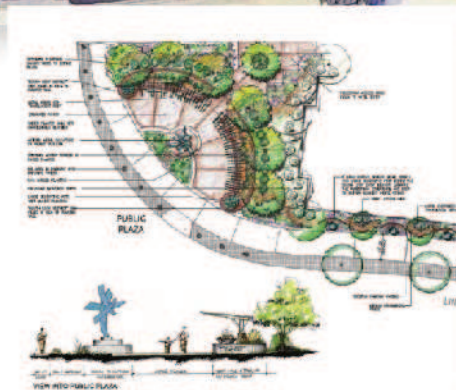
- City delegated redevelopment to Port
 - City consent required
- Port RFQ (not RFP)
 - Publicly posted
 - Eight developers directly contacted
 - Two participated in QA session
 - One response received
 - Subsequent interest

Alpha Business Center

- Terratron
 - Family owned
 - Park City, UT
 - Mankato projects
- Alpha A
 - Extended stay hotel, 118 rooms, surface parked
 - \$1,800,000 offer price (2.0 acres, \$20.66 psf))
 - Plaza: City capital cost, developer maintenance, developer's public art

Alpha A (Town Place Suites)

\$14.5 M



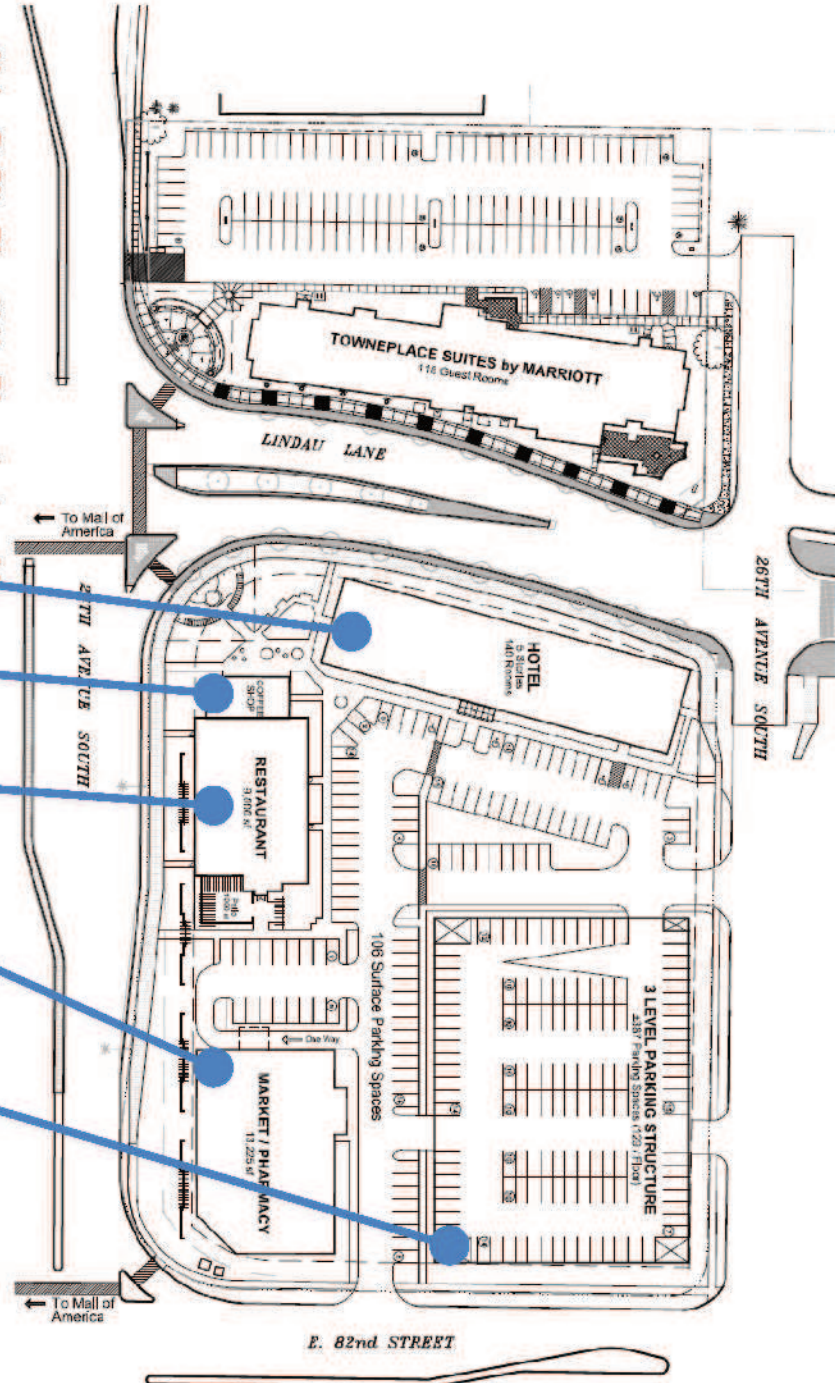
Alpha B

- Joint CC/Port meetings
 - July 17, 2013 and August 19, 2013
 - Increased density
 - Mixed use
 - Grocery/pharmacy
 - Public investment

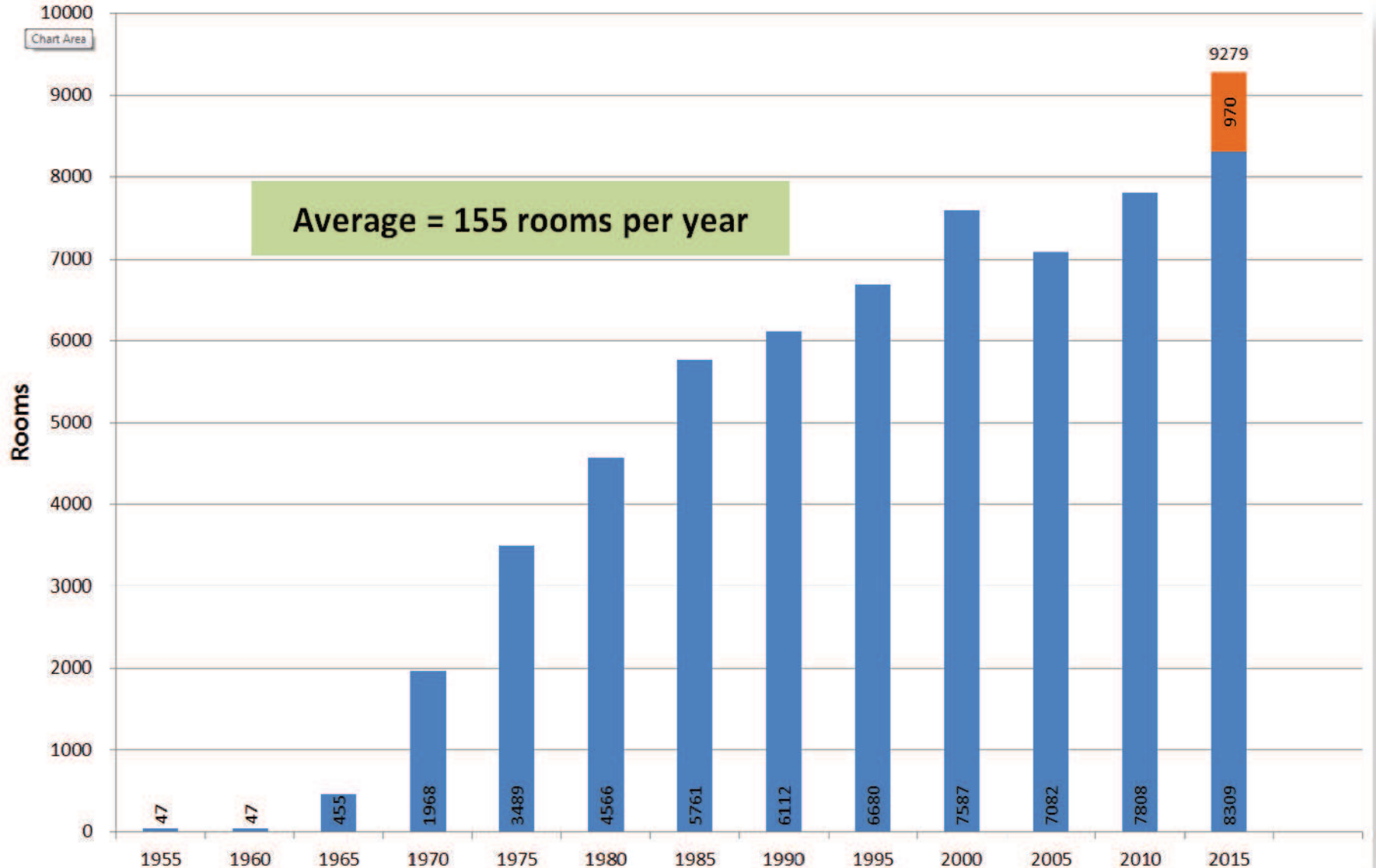
Alpha B

- Hotel
- Coffee Shop
- Restaurant
- Grocery/Pharmacy
- Parking Ramp

Alpha B Site Plan (14) - Bloomington, Mn.
Hotel, Restaurant & Retail
08/06/2014



Bloomington Hotels



Alpha B - Draft Terms

- \$25M development
 - Hotel, Coffee, Restaurant
- City/Port build parking ramp
 - Funding from SLDF
 - 12% public/private ratio
- Phase 2
 - Grocery/pharmacy
 - Two years for developer to find user, then
 - Two years for Port find user
 - After four years, consider uses beyond grocery/pharmacy

Calculating Public Private Ratios

MOA Contract	Simple Ratio	
<u>Public / (Public + Private)</u>	<u>Public / Private</u>	<u>Difference in Percentage</u>
18%	22.0%	4.0%
17%	20.5%	3.5%
16%	19.0%	3.0%
15%	17.6%	2.6%
14%	16.3%	2.3%
13%	14.9%	1.9%
12%	13.6%	1.6%
11%	12.4%	1.4%
10%	11.1%	1.1%
9%	9.9%	0.9%

Alpha B - Draft Terms

- Plaza
 - Maintenance by developer
 - Capital costs by City
 - Placemaking component
- Recapture and Needs Analysis
 - Recapture of up to 50% of public investment
 - Lookback five years from opening

Alpha B – Next Steps

- Schedule
 - Agreements 2014, Construction 2015
- Staff recommends moving forward with proposed terms and drafting agreements



Up Next
BCS Res

BCS Contract – Key Points

- 2005 BCS Contract – Relies on TIF revenue
- Simple public over private ratio calculation
- 10% overall public/private ratio
- 12% for residential
- Reflections Condominiums
 - 2006
 - \$79M – Private Investment
 - \$6.3M – Public Investment (specials for roads, utilities)
 - 8% ratio
- Health Partners HQ



BCS Site Plan

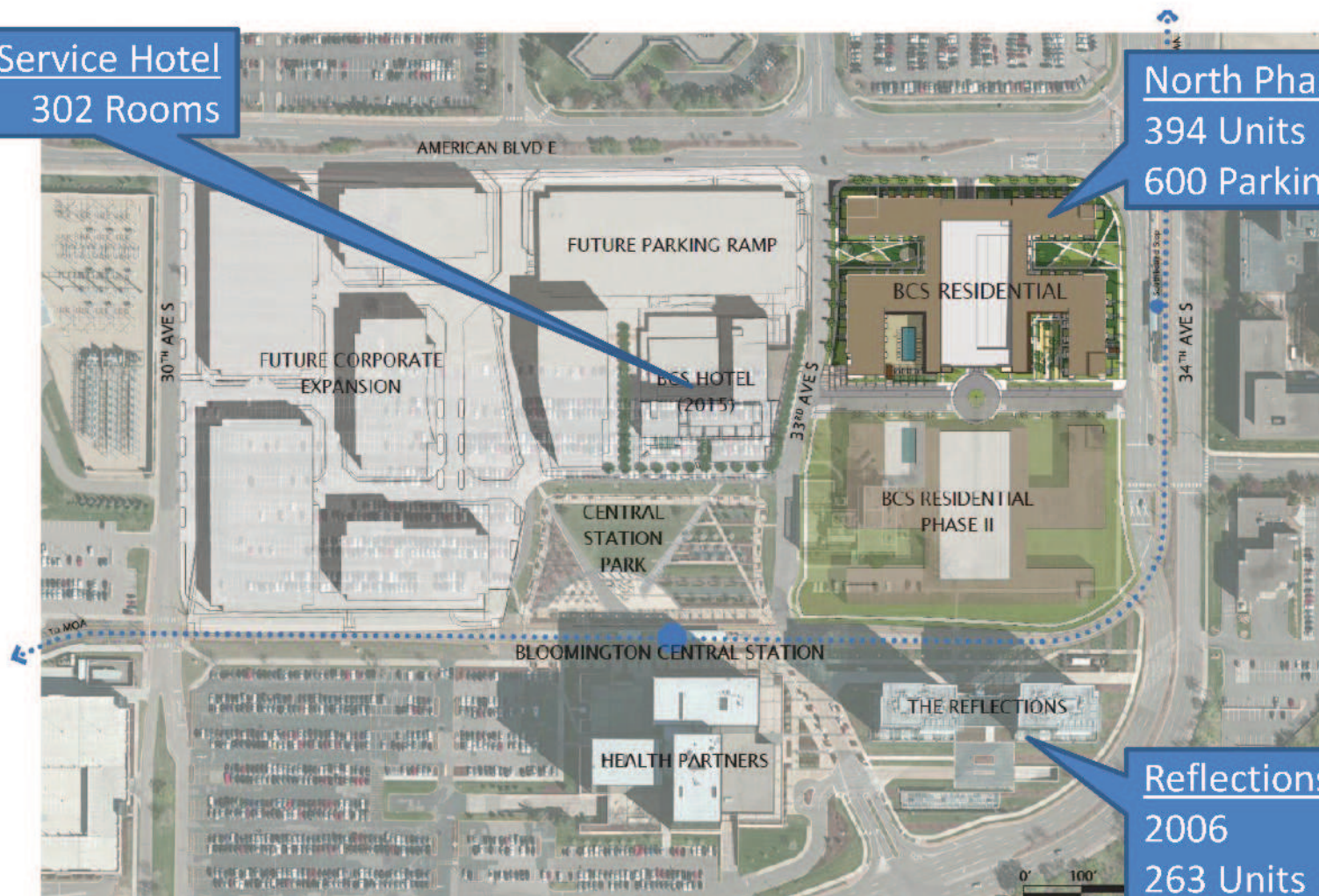


- 2.5M sf of office in 7 buildings
- 1M sf of residential in 3 to 8 buildings (1,103 units)
- 300 room hotel
- 12,000 parking spaces

BCS Site Plan

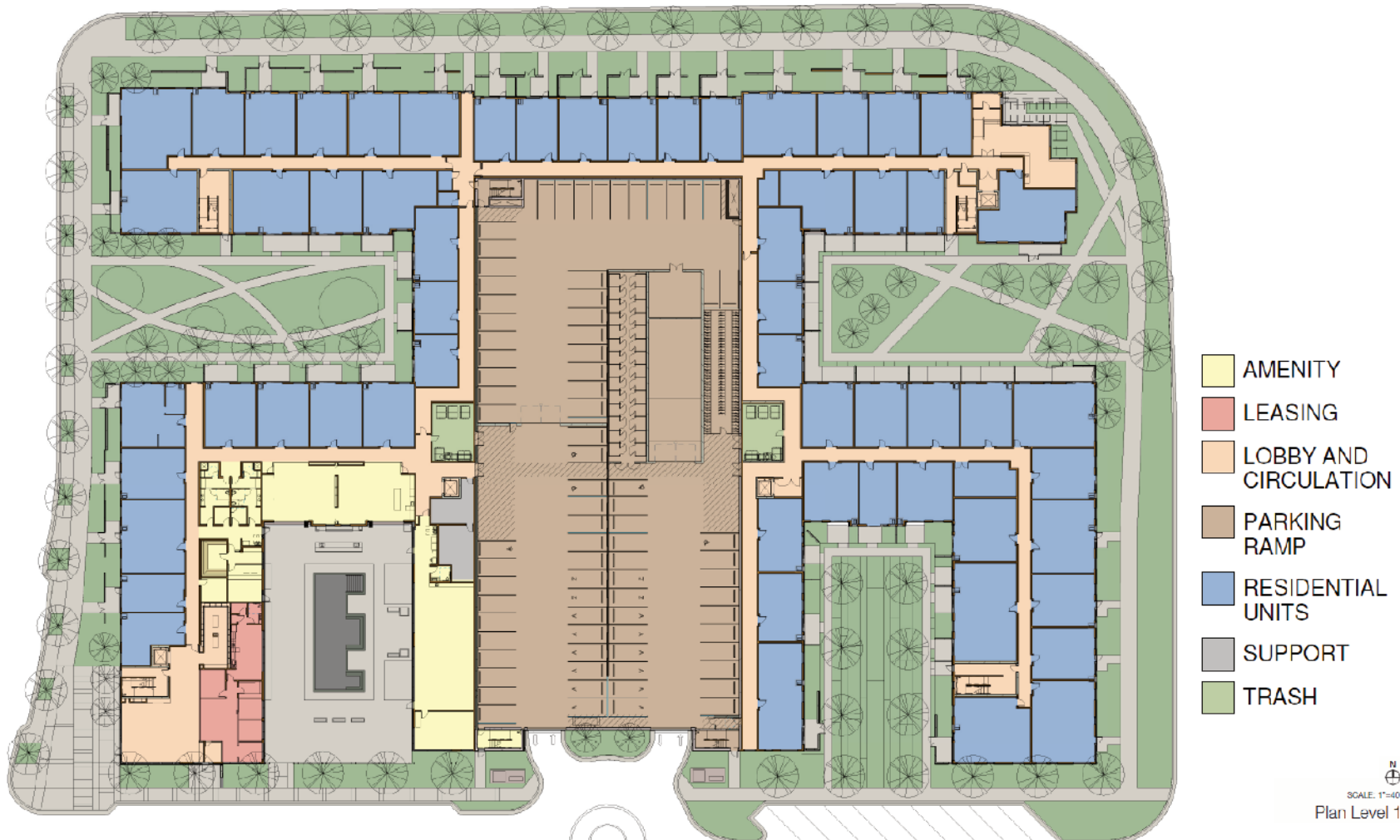
Full Service Hotel
302 Rooms

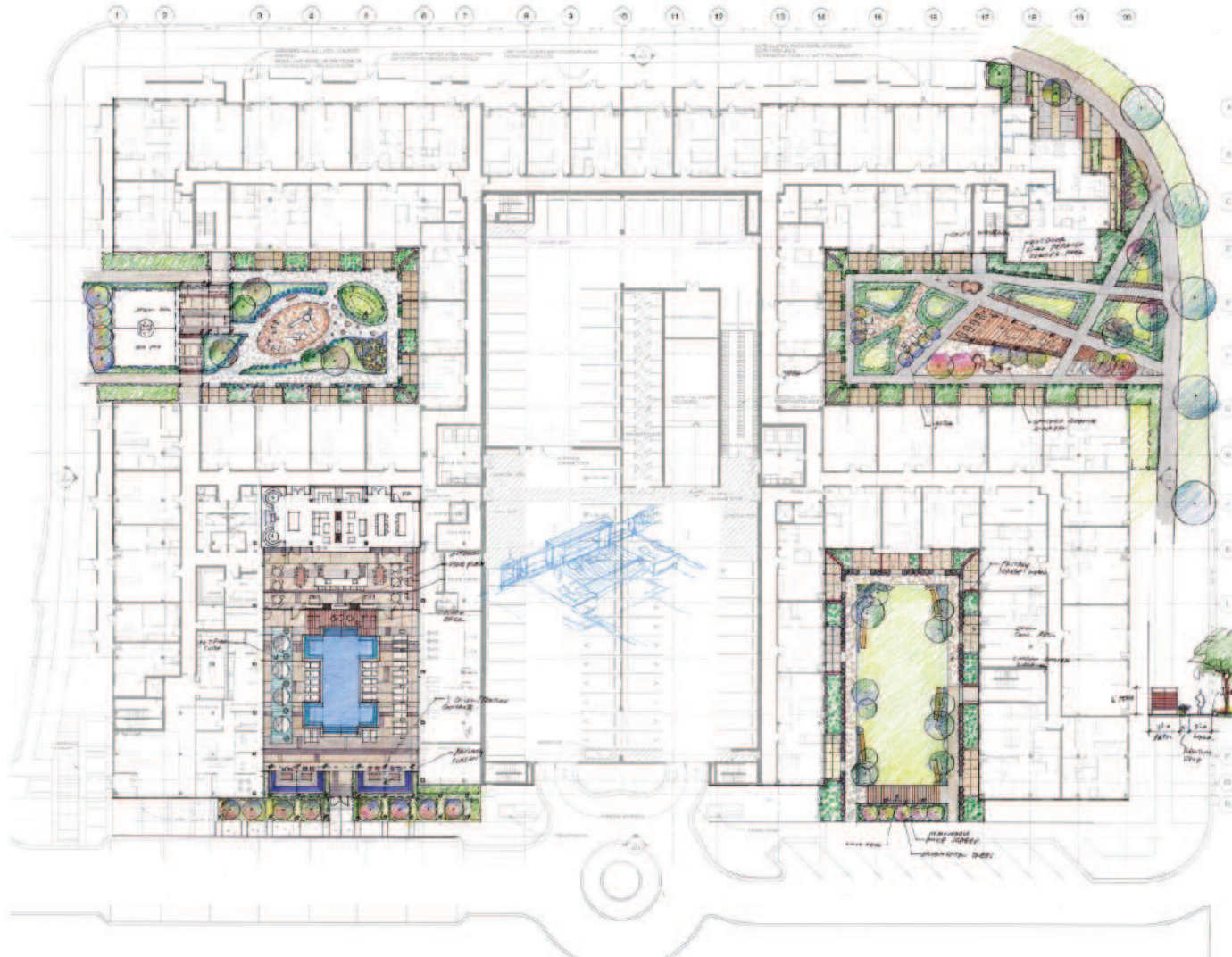
North Phase Res.
394 Units
600 Parking Ramp



Reflections Condos
2006
263 Units

BCS North Residential





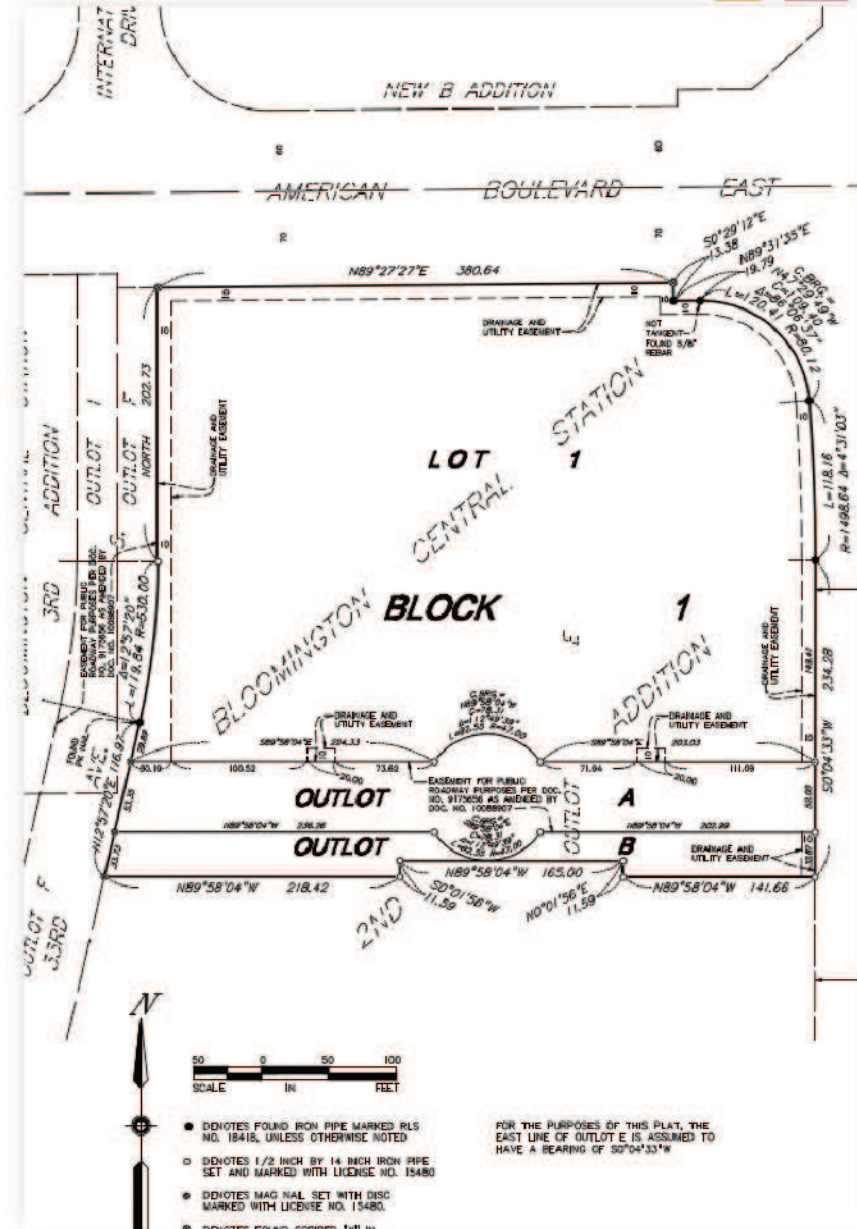
Bloomington Central Station Courtyard Design

BCS – North Residential

- Draft terms – July 17, 2013 CC/Port Meeting
- Public Investment (~20% public/private ratio)
 - Land Write Down \$4.15M
 - Ramp \$6.8M in project costs (plus issuance and interest)
 - Public Improvements \$1.2M (plus \$400k HC grant)
 - Demo Allocation \$340k

Land Write Down

- 4.845 Acres
- Port Purchased
 - October 27, 2005
 - On loan from SLDF
- Repurchase required
 - October 28, 2015
- Original purchase price
 - \$5,273,000
- Land write down
 - \$1,123,000
- Public Investment
 - \$4,150,000
- Reverter to Port - Nov. 2015



Parking Ramp

- \$6.8M - Project Costs (Estimate)
- \$7.655 – Bonded amount
 - 105% statute required
 - Capitalized interest
- Payments from TIF generated by residential project

Parking Ramp

- Bonds secured by
 - Minimum assessment agreement
 - McGough TIF (outside the North Res Project)
 - South Loop Development Fund Escrow Account (\$1.5M)
 - Port Levy
 - City GO Levy

Parking Ramp

- Ramp owned by Lennar
- Cost reviewed by independent third party
- Potential shared parking with future phase
- Completion guarantee

Adjacent Public Improvements

- \$1.6M in project costs
 - Less \$400k grant
- Street, utilities, sidewalks, landscaping
- Assessed to property
- Provides additional buffer for ramp bond payments as special assessments are only reimbursed after ramp debt service is paid

Public Investment

Land Write Down	\$4,150,000
Parking Ramp *	\$6,800,000
Adjacent Public Improvements **	\$1,200,000
Demolition Allocation	<u>\$340,000</u>
Total	\$12,490,000

* Not including capitalized interest and issuance costs

** Net of Hennepin County Grant

City Purchase of Bonds

- Investment policy currently restricts municipal investments to five-year term
- Aggregate return is less than 1%
- Rate on these bonds would be over 4%
- Term is 20 years

Cash Flow Example

	90% of TIF	Ramp Debt Service	Special Assessment Reimbursement	Annual Escrow
Year 1	\$800,000	(\$650,000)	(\$100,000)	\$50,000
Year 2	\$800,000	(\$600,000)	(\$100,000)	\$100,000

Affordable Housing

- Eight project-based vouchers
- In progress with HRA
- Agree to achieve higher ratio in future phases

Needs and Recapture

- Recapture up to 50% of public investment
- Recapture profits exceeding market norms
- Threshold is 25% above base proforma value
- Five year lookback window, or upon sale after stabilization

BCS Residential – Next Steps

- Schedule
 - Agreements 2014, Construction Spring 2015
- Staff recommends moving forward with proposed terms and drafting agreements

